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USAID Public Policy E-Bulletin

JULY 2011 – THE USAID|COLOMBIA PUBLIC POLICY PROGRAM SUPPORTS RURAL DEVELOPMENT POLICY

USAID|Colombia's Public Policy Program has dedicated efforts and resources to the important cause of enhancing the progress, efficiency, and effectiveness of rural development reform in Colombia. Efforts to date have included a high-profile seminar with international experts and government officials, and continuous support and involvement in every stage of the creation of Rural Development Area (RDA) strategies and a Rural Development Law.

Rural Development in Colombia. About 26% of the Colombian population (nearly 11 million people) is rural, 63% of which live in poverty. Formalization, restitution, consolidation, and other land policy programs alone are not enough to improve economic conditions. Long-term rural development strategies, especially those that increase agricultural productivity, are necessary to fuel the national economy, achieve lasting security, and sustain land policy implementation. USAID's Public Policy Program is supporting the government of Colombia in advancing a Rural Development Areas (RDA) strategy that prioritizes key regions in which to revitalize rural economies, and in the passage of a Rural Development Law to ensure progress is made. Rural development encompasses the following activities and services:

1. Market study of the Rural Development Area (RDA) including value chains, land use, etc.
2. Evaluation of the local business climate
3. Infrastructure needs assessment
4. Land management (restitution, formalization, etc.)
5. Training for public officials implementing RD activities
6. Support for developing income generating products (technical assistance and extension services)
7. Seed capital
8. Social services provision
9. Housing and utilities

Highlights of the proposed bill: The new Rural Development Bill summarizes and updates all legislation issued on land and rural development since 1936. The rural development policy is a strategy to combat poverty and economic hardship in rural areas. It complements the land restitution and land ownership formalization policies, and will be applied in a comprehensive and focused manner via the Rural Development Areas (RDAs).

The bill contains provisions in ten thematic areas: (1) Authorization of macro land use; (2) Incentives to improve land use; (3) Comprehensive rural development policy; (4) Access to land; (5) Access to irrigation and land improvement; (6) Access to financial services; (7) Social public goods; (8) Productive infrastructure; (9) Rural property formalization; and (10) Institutional strengthening.

The draft bill proposes the creation of a National Land Council to set policy and resolve conflicts between agriculture, mining, environmental conservation, and other macro uses. The National Land Council would work to stop the expansion of the agricultural frontier, expand forest reserves to 60 million hectares to protect all existing forests, develop 14 million hectares of commercial forestry, and create the Family Farm Environmental Unit as a

mechanism for the removal of now damaged areas of forest from forest reserves (5 million hectares) to combine productive uses with restoration and environmental services.

The bill proposes adjustments to traditional mechanisms for access to land (direct purchase by INCODER, comprehensive land subsidies, public land titling) and introduces a new procedure for the formalization of rural properties. The bill also establishes a new national irrigation policy, a new policy for technical assistance, and a strategy to promote rural development in a comprehensive and focused manner through the RDAs and the *Convenio Plan* mechanism.

Significance of the Law and key developments to date: The Rural Development Law is scheduled to enter Congress in the second half of 2011 after being reviewed with indigenous and Afro-Colombian groups. The law will complement the Victims' Law and will play an important role in recognizing the rights of communities involved in rural development.

1. *Method for Rural Development Bill consultation process still to be defined.* The Ministries of Agriculture and Interior and Justice have stated that the four-month "fast method" used during the National Development Plan (NDP) process should be applied for consultations with ethnic communities for the Rural Development Bill. During the NDP's "fast method" consultation phase, the ethnic communities were able to create their own development plans with the government's financial support and have them included in the plan.

2. *Irrigation and DRE adjustments made to bill.* Several key adjustments have been incorporated into the draft Rural Development bill, including: a) Strengthening the irrigation policy to provide greater scope in accordance with the guidelines of the new irrigation and water policy proposed by the DNP, b) Ensuring coordination between Rural Development Areas (RDAs) and the Equitable Rural Development Program DRE (formerly AIS) and, c) Updating existing land legislation for ethnic minorities in collective territories and indigenous reservations.

3. *Private sector support sought for bill.* Although the text of the Rural Development Bill has not been distributed, a broad outline of the bill is being presented to farmers' associations to encourage early support and minimize objections. The bill was presented last week to the cattle farmers guild; during discussion it was obvious that the union not only agrees with promoting more efficient use of land farming (while reducing land dedicated to ranching), but that they are also willing to support this policy. The union has already identified potential areas that may be converted for other use much more profitably than ranching.

Rural Development Seminar. On July 12 and 13, 2011, the USAID Public Policy Program sponsored a high-profile seminar on rural development in Bogota. During the seminar, the Minister of Agriculture and Rural Development laid out the basic points of the draft Rural Development law. The seminar also included small working groups where technical experts and GOC officials discussed and provided recommendations on ten technical aspects of the law with the aim of improving the draft law.

A panel of international experts presented best practices and recommendations for applying lessons learned in Colombia. James Riordan gave a lively presentation on his work in Peru on the Poverty Reduction and Alleviation Activity PRA, with the key message that production needs to be based on a market demand-driven approach. The message resonated with the group and was repeated in several of the working groups.

Attendees included leaders from the sugar, corn, fique and other labor unions, SAC, ICP, USAID, and 23 departmental Secretaries of Agriculture. The Vice Minister closed the event with an overview and suggestions for forming a working group to further develop the recommendations that emerged from the event. He highlighted the fact that Colombia needs to review and update the credit market for agriculture and aquaculture as key aspects of the success of rural development. The draft law is scheduled for presentation to Congress on July 20, 2011.